

AGENDA: May 11, 2004

7.3

CATEGORY: New Business

DEPT.: Council Procedures Committee

TITLE: Campaign Finance

RECOMMENDATION

Introduce AN ORDINANCE ADDING ARTICLE XII, SECTION 2.100 ET SEQ. TO CHAPTER 2 RELATING TO CAMPAIGN FINANCE, to be read in title only, further reading waived, and set a second reading for May 25, 2004.

FISCAL IMPACT

If the proposed ordinance is adopted, there will be an undetermined fiscal impact on City Clerk staff resources.

BACKGROUND

This matter was originally considered by the Council Procedures Committee on July 8, 2003. The Committee worked on the issue on September 30 and October 28, 2003, and presented a comprehensive report to the Council on November 18, 2003. At the November 18, 2003 meeting, the Council directed the Committee to study the following areas of campaign finance:

1. City posting of campaign forms on-line.
2. Late contribution report.
3. Penalties for violating the spending limit.
4. Requiring local filing by any committee spending dollars in a race.
5. Contribution cut-off date.
6. Lower threshold for disclosure of contributions.
7. Voluntary cap on contributions.
8. Limitations on individual contributions, except family member contributions.
9. Prohibition on acceptance of contributions after the election.
10. Campaign finance reforms should apply the same rules to candidates and committees.
11. Independent expenditures.

On March 22, 2004, the Committee studied the above-mentioned areas and a copy of the report submitted to the Committee is attached for your review (Attachment 2). It was not clear whether the next step should be to return to a study session to more fully develop some of the components or to bring some of the items directly to Council for action. Due to the short amount of time remaining before the filing period opens, the decision was made to return directly to a regular session of the Council.

This report will identify the items which the Committee can forward with fully developed recommendations, the items which the Committee recommends to Council for further study and, finally, the items which the Committee recommends not be pursued at this time. The items with the fully developed recommendations are included in the proposed ordinance discussed in the next section of this report.

THE PROPOSED ORDINANCE

If adopted, the proposed ordinance (Attachment 1) would implement the following enhancement to campaign regulations in the City of Mountain View:

1. **City Posting of Campaign Forms On-Line**

The Committee recommends that the City post all campaign disclosure forms on-line and in accordance with the City Clerk's memorandum dated October 24, 2003. The Committee further recommends that the City provide other venues for disclosure in an effort to make this information most accessible to the public.

The proposed ordinance requires the City to post all campaign disclosure reports on-line and make hard copies available in the City Clerk's Office during normal business hours. If the Council determines that the disclosure reports should also be published in a newspaper of general circulation and/or available on public television, it will need to determine how the information should be presented for those venues (i.e., summary of contributions, total expenditures, etc.).

2. **Late Contribution Report**

The Committee recommends that the City enact regulations for reporting late contributions, which would also serve the interest of greater disclosure. In addition to the requirements set forth in the Political Reform Act, some jurisdictions require candidates to disclose late contributions received between the last required filing before the election and the election. The proposed ordinance requires that all contributions over \$100 be reported to the City Clerk within 48 hours.

3. Penalties for Violating Limits

Although the Committee initially considered a scaled penalty for violations of campaign regulations, it determined that the most effective penalty is to publicize the violations. Accordingly, the proposed ordinance requires that a violation of the voluntary expenditure limit, or contribution limit if one is enacted, be made public within 72 hours of the City's knowledge of the violation.

4. Local Filing by Any Committee Spending Dollars in a Local Race

The Committee recommends that any committee spending dollars in a local race be required to file disclosure forms similar to those filed by individual candidates. This requirement would increase disclosure of contributions and expenditures in local elections.

5. Contribution Cut-off Date

The Committee recommends that candidates be prohibited from accepting contributions within seven (7) days of an election.

FUTURE ACTION AND DIRECTION

Item Nos. 1 through 5 are included in the proposed ordinance. If the Council adopts the proposed ordinance or portions of the proposed ordinance at this meeting, a second reading will occur at the May 26, 2004 meeting, and the ordinance will be effective by the end of June. The Committee did not endorse lowering the contribution disclosure threshold (e.g., to \$50) or pursuing controls over independent expenditures at this time.

The Committee has not made a recommendation on: (1) a cap on aggregate contribution (e.g., \$17,500); (2) a cap on contributions made by individuals; or (3) a prohibition on the acceptance of contributions after an election (e.g., to pay off a loan).

ALTERNATIVE

Provide further direction to the Council Procedures Committee relative to these issues and have the Committee further refine the proposals.

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PUBLIC NOTICING – Agenda posting.

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MP/VC/5/CAM
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Attachments: 1. Ordinance
2. Council Procedures Committee Report

ORDINANCE NO.

AN ORDINANCE ADDING ARTICLE XII, SECTION 2.100 ET SEQ.,
TO CHAPTER 2 RELATING TO CAMPAIGN FINANCE

THE PEOPLE OF THE CITY OF MOUNTAIN VIEW DO ORDAIN AS FOLLOWS:

Section 1. Section 2.100 of the Mountain View City Code is hereby added to read:

"SEC. 2.100. Purpose.

This Article requires greater disclosure in local elections and is aimed at eliminating the possibility of corruption or the appearance of corruption; lessen the potentially corrupting pressures on candidates, office holders and committees for fundraising; and to improve the disclosure of contribution sources in reasonable and effective ways and to help restore public trust in governmental electoral institutions."

Section 2. Section 2.101 of the Mountain View City Code is hereby added to read:

"SEC. 2.101. Campaign disclosure reports.

All candidates, office holders and committees participating in local elections for the city council that are required to file campaign disclosure reports under the Political Reform Act Government Code 81000, et seq., shall also file said disclosure reports with the city clerk's office. Hard copies of all campaign disclosure reports shall be available for review in the city clerk's office, Monday through Friday, during regular business hours. The name of candidates and committees with a direct link to the campaign reports submitted by each candidate or committee shall be available on the city's web site within five (5) business days from the date of receipt of the reports by the city clerk."

Section 3. Section 2.103 of the Mountain View City Code is hereby added to read:

"SEC. 2.102. Late contributions.

In addition to the filing requirements set forth in the Political Reform Act, for the period starting fourteen (14) days prior to the election, any late contribution of [One Hundred Dollars (\$100)] or more in connection with the election for city council, or city measure, shall be reported to the city clerk in the form prescribed by the Fair Political Practices Commission for that purpose within forty-eight (48) hours of receipt of the contribution."

Section 4. Section 2.104 of the Mountain View City Code is hereby added to read:

"SEC. 2.103. When contributions may be received.

No candidate, including the candidate's controlled committee, and no committee primarily formed to support or oppose a candidate or candidates for the city council, shall accept any contributions after seven (7) days prior to the election."

Section 5. Section 2.105 of the Mountain View City Code is hereby added to read:

"SEC. 2.104. Penalties.

Any violation of the [voluntary expenditure limit] [and/or contribution limit] shall, within seventy-two (72) hours of the city's knowledge of the violation, be:

- a. Published in a newspaper of general circulation;
- b. Posted on the city's web site; and
- c. Posted at a reasonably accessible location at City Hall."

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